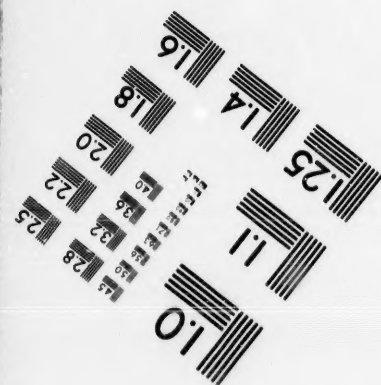
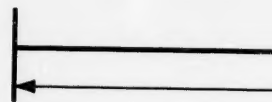
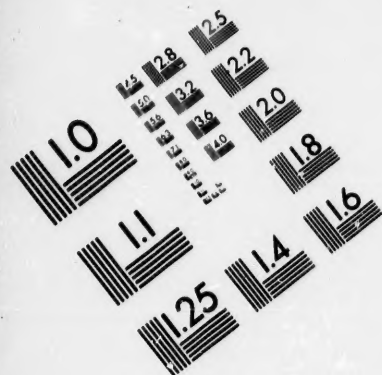




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make what arrangements to ensure their being circulated.

Mr. BLAKE. I suppose the House and the hon. gentleman. I do not understand that the circulation of the notes will be without providing that.

Mr. FOSTER. The hon. gentleman has said that matter.

Mr. BLAKE. I am getting to soft money.

Mr. DAVIES (P.E.I.) enacting the first part of the bill, they shall make such arrangements to ensure the circulation of the notes as the banks have to establish, and that is more than at those mentioned.

Mr. FOSTER. If it is the circulation of the notes that is to be established.

Mr. DAVIES (P.E.I.) heavy duty on the small banks in the Maritime Province to ensure payment at par with the Dominion, to ensure the circulation of the notes in the town and city in Canada.

Mr. BLAKE. The hon. gentleman has said that the bill is not an adequate provision for the first part of it, and if it is the exposition of what the bill is, the obligation of the banks to ensure an inadequate fulfilment of the bill is stronger with its original intention. The latter part struck out. The hon. gentleman has said that there is a deal of difficulty in the bill. The difficulty will be very much more to the large banks, each of which has a considerable number of offices, to compensate the other by the bill for redemption. It is a deal of difficulty in the bill, in regard to the smaller banks, which is handed in for redemption. If an arrangement could be made between the banks for their mutual advantage, the difficulty might be overcome.

Mr. FOSTER. The hon. gentleman has indicated in section 56, that the banks have voluntarily taken on the bill, the compulsion laid on them to enter. To the representation of an arrangement into which the banks are to enter. To the representation of institutions, I pointed out that the hon. gentleman has said, that practically those banks are not to be made, because they were made during the last year, the condition of things amongst themselves, and the condition of things would be experienced. It is quite a different matter, if the bill is a compulsory clause against the banks.

Mr. BLAKE. I quite agree with the hon. gentleman's statement. If the bill is satisfactory, we should be satisfied.

On section 57,

Mr. FOSTER. We will have to put the word "not" in section 57.

make what arrangements are necessary in order to ensure their being circulated at par, not below par.

Mr. BLAKE. I suppose we are a hard money House and the hon. gentleman is a hard money man. I do not understand how we can declare that the circulation of the bank shall be at par without providing that it shall be payable at par.

Mr. FOSTER. The bank will have to look after that matter.

Mr. BLAKE. I am afraid the hon. gentleman is getting to soft money very fast.

Mr. DAVIES (P.E.I.) I want to know if by enacting the first part of the section, declaring that they shall make such arrangements as are necessary to ensure the circulation of the notes at par, the banks have to establish agencies at other places than at those mentioned?

Mr. FOSTER. If it is necessary to ensure the circulation of the notes at par, other agencies must be established.

Mr. DAVIES (P.E.I.) It will impose a very heavy duty on the smaller banks, especially those in the Maritime Provinces, if they have, in order to ensure payment at par of the circulation throughout the Dominion, to establish agencies in every town and city in Canada.

Mr. BLAKE. The latter part of this clause is not an adequate provision for the fulfilment of the first part of it, and if it is to be interpreted as an exposition of what the banks are to do in fulfilment of the obligation of the prior part, it is altogether an inadequate fulfilment. The clause would be stronger with its original wording, and with the latter part struck out. I feel there is a great deal of difficulty in the direction which the hon. member for Queen's (Mr. Davies) has pointed out. The difficulty will be very small indeed in regard to the large banks, each of which possesses a considerable number of offices, and each of which can compensate the other by making mutual facilities for redemption. It is different, however, in regard to the smaller banks. Take, for instance, a note issued by the Bank of Prince Edward Island, which is handed in for redemption at Vancouver. If an arrangement could be made between the banks for their mutual accommodation in this regard, the difficulty might be solved.

Mr. FOSTER. The arrangement which is indicated in section 56, is one which the banks have voluntarily taken on themselves. It is not a compulsion laid on them against their will, but it is an arrangement into which they are quite willing to enter. To the representatives of the banking institutions, I pointed out the very objections which the hon. gentleman has taken. The bankers said, that practically those objections were not formidable, because they were even now, and had been during the last year, very materially altering the condition of things by agreements made amongst themselves, and no difficulty whatever would be experienced. It would of course be a quite different matter, if we proposed this compulsory clause against the wishes of the smaller banks.

Mr. BLAKE. I quite agree with the hon. gentleman's statement. If the smaller banks were satisfied, we should be satisfied.

On section 57,

Mr. FOSTER. We will strike out all after the word "not" in section 57, line 50.

Mr. BLAKE. Do not you think that sections 56 and 57 conflict? In the earlier part of section 56, a person is to get cash or the equivalent for cash, and he cannot get any more than that.

Mr. BLAKE. As I pointed out before, I think it is very important that the bank should, as soon as possible, cease to be the holder of its own stock. During this time, the double liability which appears to the public is wholly illusory. Any bank, which is in a position to go on at all, ought to be able to sell its stock in six months.

On schedule D,

Mr. BLAKE. I confess that it is very difficult, for me at any rate, to judge which form is best. We ought certainly to obtain all the information which we can without unduly hampering the operations of the banks, and we ought even to obtain such information as is essential to a fair view of the situation, though it may, to some extent, hamper them. But we know that some of our banks occasionally place large sums of money at particular points in the States, and do considerable business there. A bank, for instance, may have a large sum of money at an agency in New York and another at an agency in San Francisco; and if you take into account the gross sums due by and to these agencies, you might get, I will not say a perfect view, but a considerable insight into the amount of Canadian funds invested in the United States. That would be very interesting, if it did not unduly hamper the operations of the banks in the United States. We do not at present ask how much of a bank's capital it is using in Toronto, Montreal, London or other places where it is doing business. Is there any public ground why we should do what is now proposed, if it is going to interfere with the business of our banks in the States? The only ground that has been suggested is, that if it is found that they are investing any large sums of money there, some business tax may be imposed upon them. We know that some of them are obliged to pay a business tax now. I suppose they would like to be in the position of some people who are taxed on income, that nobody but themselves should know on what income this business tax should be computed.

Mr. BLAKE. I sympathise with the statements of the hon. member for Cardwell (Mr. White), and I suggest to the Finance Minister that, as I do not suppose he intends to take the third reading to-night, he should consider the subject and communicate with the banking authorities to ascertain whether there is any real difficulty that can be stated by him on the floor of the House in the way of the suggestion being carried out, because the statement of the hon. gentleman certainly shows that we do not get anything like approaching the facts in the return.

Mr. FOSTER. I have no objection to allow it to go in that way.

Mr. KENNY. I understood the hon. member for Cardwell (Mr. White) to refer solely to the Bank of British North America.

Mr. BLAKE. No; he said there were several others doing business in the United States to which his remarks would apply.

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